Supreme Court, U.S.
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No. 98-221

IN THE

Supreme Court of the United States

OCTOBER TERM, 1998

THE LUBRIZOL CORPORATION,

Petitioner,

v.

EXXON CHEMICAL PATENTS, INC.,
EXXON CORPORATION, and
EXXON RESEARCH AND ENGINEERING CO.,

Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

REPLY FOR THE PETITIONER

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REPLY FOR THE PETITIONER

Respondents' Opposition confirms that Lubrizol's Petition for Certiorari should be granted.

1. Most of Lubrizol's showings stand uncontested by respondents. Respondents do not dispute Lubrizol's showing (Pet. 14-16) that this case presents an important and recurring question of trial and appellate practice in all of the Circuits. Respondents also agree (Pet. 5-6, 10-11) that the issue here is whether this Court's decision in *Neely v. Martin K. Eby Construction Co.*, 386 U.S. 317 (1967), forecloses a new trial motion in the district court unless the court of appeals specifically authorizes such a motion (petitioner's argument), or prohibits such a motion only if the court of appeals explicitly forecloses it (respondents' argument). Nor do respondents dispute Lubrizol's showings (Pet. 14-16) that this issue affects litigation in all federal courts and that this case presents an appropriate vehicle for resolving this issue.

2. Respondents oppose certiorari on the ground that, in their view, the decision below, requiring an express foreclosure of a new trial, was correct and consistent with *Neely*. At this stage of the proceedings, this Court need not resolve the merits of that dispute; it is sufficient that the issue is an important and recurring one. But, in fact, respondents' efforts to reconcile the decision below with *Neely* find no support in *Neely* or this Court's other precedents, and the decision below clearly disregards this Court's holding.

3. Respondents offer a litany of unpersuasive arguments as to why the decision below was correct. Like the court of appeals below (Pet. App. 15a), respondents primarily urge (Opp. 9) that the so-called "mandate rule" modifies the requirements of *Neely*. Respondents argue that under the mandate rule, so long as an appellate opinion is silent on an issue, a plaintiff may, under Rule 50(d), always return to the district court to seek a new trial on an "unresolved alternate theor[y]" (Opp. 9), even where the plaintiff has failed to secure a remand. However, the mandate rule was well established at the time of *Neely*, and the *Neely* court determined to follow the specific requirements of Rule 50(d) rather than the general mandate rule. Respondents' argument is simply contrary to *Neely*, which explicitly requires that no new-trial motion be

entertained, and no new-trial proceedings be held in the district court, unless the appellate court either (i) "determin[es] that the appellee is entitled to a new trial" or (ii) "direct[s] the trial court to determine whether a new trial should be granted." Fed. R. Civ. P. 50(d). *See also Neely*, 386 U.S. at 329. Under *Neely*, where the court of appeals' disposition neither provides for a new trial nor directs the district court to entertain a new-trial motion, the case ends. Respondents' argument is additionally unsound as a matter of policy. Were the rule as respondents suggest, litigation would never end: plaintiffs could perpetually split their claims by raising new "unresolved alternate theories" even after an appellate court — as here — has reversed without remand.

4. Respondents seek to distinguish *Neely* on the ground that, unlike *Neely*, "the record [here] reveals a new trial issue which has not been resolved." (Opp. 7, quoting Pet. App. 8a) In fact, *Neely* cannot be distinguished on this ground. Justice Black's dissent in *Neely* specifically pointed out that "the record here [in *Neely*] reveals" "a new trial issue which has not been resolved." 386 U.S. at 343 (Black, J., dissenting) (quotations omitted). However, respondents suggest that *Neely* actually drew a distinction between situations in which a plaintiff attempts to assert an entirely new theory of liability on remand (where there would be no foreclosure of further proceedings) and situations in which the plaintiff attempts to secure a new trial on a legal theory considered by the court of appeals on the first appeal (where there would be foreclosure). Nothing in *Neely* supports this strained and unworkable distinction. Indeed, under the patent laws, infringement — whether literal or by equivalents — is a single legal theory (*see* 35 U.S.C. § 271(a) (proscribing only "infringement," which necessarily encompasses both "literal" and "equivalents" infringement)), so even under respondents' own theory, there would have been foreclosure in this case.

5. Respondents suggest (Opp. 8) that this Court's pre-*Neely* decision in *Weade* supports their interpretation of *Neely*. The court of appeals in *Weade* had reversed a plaintiff's district-court judgment without remand for further proceedings. (*See* Opp. 8 &

n.3, citing *Dichmann, Wright & Pugh, Inc. v. Weade*, 168 F.2d 914 (4th Cir. 1948)) On direct review in this Court, the appellee successfully convinced this Court to "modif[y] the decision of the court of appeals" (Opp. 8) to allow plaintiff to pursue a motion for new trial because there were "suggestions in the complaint and evidence" of an alternative theory of liability not passed upon by the jury in the first trial. *Weade v. Dichmann, Wright & Pugh, Inc.*, 337 U.S. 801, 809 (1949). The *Weade* decision does not empower a later court of appeals to revisit the issue by making such a modification on a *second* appeal, nor does it support the court of appeals' erroneous reading of *Neely*.

6. Lubrizol also showed (Pet. 12-14) that the court of appeals below effectively adopted Justice Black's dissenting opinion in *Neely* as the law of that circuit. Respondents suggest (Opp. 11) that Lubrizol "misreads" Justice Black's dissent and the opinion below to reach that conclusion, because Justice Black had argued that an appellate court could *never* order judgment as a matter of law and make final disposition of a case without remand. To be sure, Justice Black urged that position, but he also addressed the present issue: "Even were I to agree with the Court that courts of appeals have the power to deny a verdict winner a new trial, I could not agree to the affirmance of such a denial here. . . . [where] the Court of Appeals never even gave a thought to the question of . . . a new trial." *Neely*, 386 U.S. at 342 (Black, J., dissenting).

7. Respondents' view of *Neely* is also inconsistent with the leading treatises on civil procedure which recognize — like *Neely* — that a court of appeals has but three options when reversing under Rule 50(d): it "may make final disposition . . . order a new trial . . . or refer the question to the district court." *Neely*, 386 U.S. at 329. As Professors Wright and Miller have explained, if the appellate court grants JMOL, under *Neely* and Rule 50(d), "(1) it may order a new trial itself, (2) it may remand the case so that the trial court can decide whether there could be a new trial or entry of judgment for the moving party under Rule 50(d), or (3) it may order entry of judgment as a matter of law on its own." 9A C. Wright & A. Miller, *Federal Practice and Procedure* § 2540, at 371-72 (2d

ed. 1995) (footnotes omitted). *See also* 9 J. Moore, *Moore's Federal Practice* ¶ 50.09[3], at 50-38 (3d ed. 1998) ("If an appellate court reverses a denial of a motion for judgment as a matter of law, the party who prevailed on the motion during trial may assert *to the appellate court* grounds for a new trial") (footnote omitted) (emphasis added); D. Knibb, *Federal Court of Appeals Manual* § 1.2, at 4 (3d ed. 1997) ("Taking this the final step . . . appellee may argue on appeal that it is entitled to a new trial if the court of appeals finds that the motion for judgment should have been granted.").

8. Finally, respondents claim (Opp. 12) that this Court's summary reversal in *Hetzel v. Prince William County, Virginia*, 118 S. Ct. 1210 (1998) (per curiam) "clearly stands against" Lubrizol's interpretation of *Neely* because it held "that a party who had lost an earlier appeal could pursue a new trial on an issue that the court of appeals had not previously decided." *Hetzel* stands for no such proposition. There was no issue in *Hetzel* as to whether the district court could act on a new-trial motion. Rather, *Hetzel* involved the question whether a court of appeals ordering remittitur was obligated to give the plaintiff the option of a new trial. 118 S. Ct. at 1210-11. This Court ruled that the court of appeals' order violated the plaintiff's Seventh Amendment right to a jury trial by not giving the plaintiff the option of a new trial instead of remittitur. This Court rejected the implausible argument that *Neely* allowed the court of appeals to reduce a damage verdict in such a fashion. *Id.* at 1212.

9. Resolution of the issue presented here is particularly important for cases in the Court of Appeals for the Federal Circuit. Since that court's decision in *Markman v. Westview Instruments, Inc.*, 52 F.3d 967 (Fed. Cir. 1995) (in banc), *aff'd*, 517 U.S. 370 (1996), which held that patent claim construction is a question of law reviewed *de novo* on appeal, the Federal Circuit has reversed in whole or in part almost 40% of all patent claim constructions it has

reviewed.* In virtually all of these reversals, the possibility of (and incentive for) a motion for new trial on infringement (literal or equivalents) under a claim construction not passed on by the jury will be present. Whether this issue can be raised in the first instance in the district court, after an appellate reversal without remand, is a question that requires a prompt and final resolution. A prompt resolution of this issue is also required because the issue arises so frequently across the country in each of the Circuits.

10. Because the conflict between the decision below and *Neely* is manifest, this Court may wish to consider summary reversal of the court of appeals' decision. Indeed, that is the course that this Court took in a case relied on by Exxon, *Hetzel v. Prince William County, Virginia, supra,* where the court of appeals' decision presented a manifest and irreconcilable conflict with this Court's prior Seventh Amendment decision in *Kennon v. Gilmer,* 131 U.S. 22 (1889). The conflict between the decision below and this Court's decision in *Neely* is at least as stark.

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* This statistic was cited by Judge Rader in his dissent to *Cybor Corp. v. FAS Technologies, Inc.*, 138 F.3d 1448, 1476 & n.1 (Fed. Cir. 1998) (in banc) (Rader, J., dissenting). Judge Rader based this figure on a survey of every patent decision rendered by the Federal Circuit between April 5, 1995 (the date *Markman* was decided by the Federal Circuit) and November 24, 1997.

CONCLUSION

For the foregoing reasons, and those stated in the petition, certiorari should be granted.

Respectfully submitted,

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